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PREPARATORY COMMITTEE FOR THE UNITED
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Fourth session
New York, 2 March-3 April 1992
Plenary session
Item 2 (c) of the provisional agenda*

PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

Structure of Agenda 21

Report of the Secretary-General of the Conference

I. INTRODUCTION

1. The present report has been prepared in response to Preparatory Committee decision 3/2 entitled "Structure and organization of Agenda 21".

II. STRUCTURE OF AGENDA 21

2. The proposed sequencing and titles of the chapters of Agenda 21 are presented following paragraph 6 below. However, for the purposes of the discussion at the fourth session of the Preparatory Committee these chapters are presented in separate documents as a series of addenda to the present report. After revision and approval at the fourth session they will be submitted in one document for the Conference.

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* A/CONF.151/PC/96.

3. As requested by the Preparatory Committee a separate chapter has been prepared for each sectoral issue, as defined by and considered under the Preparatory Committee's agenda, following the pattern suggested in decision 3/2 wherever practicable:

(a) Basis for action;

(b) Objectives;

(c) Activities:

(i) Management related;

(ii) Data and information;

(iii) International and regional cooperation and coordination;

(d) Means of implementation:

(i) Financing and cost evaluation;

(ii) Scientific and technological means;

(iii) Human resource development;

(iv) Capacity building.

4. In the proposed sequencing of chapters, the symbol (i.e., A/CONF.151/PC/100/Add.___) of the document prepared for the fourth session is presented with each chapter title. For some chapters the corresponding L. and CRP. document numbers from the third session of the Preparatory Committee are also presented.

5. Where appropriate, and depending on the chapter, the Secretariat has indicated the lineage of the text presented as follows:

(a) Text extracted from an earlier document with no modification is contained within double asterisks and angular brackets "**‹...›**", with reference to the earlier document and/or paragraph numbers enclosed in round brackets "(...)" just before the first angular bracket, i.e., "**(document ____, paragraph ___) ‹... text ... ›**";

(b) Text based on material contained in an earlier document, but with some editing and/or modification, is contained within angular brackets only "‹...›", with reference to the earlier document and/or paragraph numbers enclosed in round brackets "(...)" just before the first angular bracket, i.e., "(document ____ , paragraph ___) ‹... text ...›".

6. Additional information expanding on aspects of the programme area descriptions, or to indicate cross-references to other chapters of Agenda 21, are in explanatory notes located at the end of each chapter.

	Agenda 21 chapter titles	Document symbols
	OVERVIEW OF GOALS AND IMPLEMENTATION MECHANISMS	A/CONF.151/PC/100/Add.1
I.	SOCIAL AND ECONOMIC DIMENSIONS	
1.	International policies to accelerate sustainable development in developing countries, and related domestic policies	A/CONF.151/PC/100/Add.3
2.	Combating poverty	A/CONF.151/PC/100/Add.2
3.	Changing consumption patterns	A/CONF.151/PC/100/Add.2
4.	Demographic dynamics and sustainability	A/CONF.151/PC/100/Add.2
5.	Protection and promotion of human health conditions	A/CONF.151/PC/100/Add.5
6.	Promoting a sustainable pattern of human settlements	A/CONF.151/PC/100/Add.7
7.	Integration of environment and development in decision-making	A/CONF.151/PC/100/Add.8
II.	CONSERVATION AND MANAGEMENT OF RESOURCES FOR DEVELOPMENT	
1.	Protecting the atmosphere	A/CONF.151/PC/100/Add.14 WG.I/L.25/Rev.2
2.	Integrated approach to planning and management of land resources	A/CONF.151/PC/100/Add.15 WG.I/CRP.12/Rev.1
3.	Combating deforestation	A/CONF.151/PC/100/Add.16 WG.I/CRP.14/Rev.1
4.	Managing fragile ecosystems: combating desertification and drought	A/CONF.151/PC/100/Add.17 WG.I/L.29
5.	Managing fragile ecosystems: sustainable mountain development	A/CONF.151/PC/100/Add.18
6.	Promoting sustainable agriculture and rural development	A/CONF.151/PC/100/Add.19
7.	Conservation of biological diversity	A/CONF.151/PC/100/Add.20 WG.I/L.28

Agenda 21 chapter titles		Document symbols
8.	Environmentally sound management of biotechnology	A/CONF.151/PC/100/Add.27 WG.I/L.30
9.	Protection of the oceans, all kinds of seas, including enclosed and semi-enclosed seas, and coastal areas and the protection, rational use and development of their living resources	A/CONF.151/PC/100/Add.21 WG.I/L.18 WG.I/L.24
10.	Protection of the quality and supply of freshwater resources: application of integrated approaches to the development management and use of water resources	A/CONF.151/PC/100/Add.22
11.	Environmentally sound management of toxic chemicals and prevention of illegal international traffic in toxic and dangerous products and wastes	A/CONF.151/PC/100/Add.23 WG.II/L.19/Add.3 (revised annex IV)
12.	Environmentally sound management of hazardous wastes	A/CONF.151/PC/100/Add.24 WG.II/L.19 (revised annex I)
13.	Environmentally sound management of solid wastes amd sewage related issues	A/CONF.151/PC/100/Add.25 WG.II/L.19/Add.1 (revised annex II)
14.	Safe and environmentally sound management of radioactive wastes	A/CONF.151/PC/100/Add.4 WG.II/L.19/Add.2 (revised annex III)
III.	STRENGTHENING THE ROLE OF MAJOR GROUPS	
1.	Global action for women towards sustainable and equitable development	A/CONF.151/PC/100/Add.13
2.	Strengthening the role of youth	A/CONF.151/PC/100/Add.13
3.	Recognizing and strengthening the role of indigenous people	A/CONF.151/PC/100/Add.13
4.	Non-governmental organizations: partners for sustainable development	A/CONF.151/PC/100/Add.13
5.	Local authorities initiatives in support of Agenda 21	A/CONF.151/PC/100/Add.13
6.	Strengthening the role of trade unions	A/CONF.151/PC/100/Add.13

	Agenda 21 chapter titles	Document symbols
7.	Business and industry	A/CONF.151/PC/100/Add.13
8.	Scientific [and technological] community	A/CONF.151/PC/100/Add.13
9.	Primary producers	A/CONF.151/PC/100/Add.13
IV.	MEANS OF IMPLEMENTATION	
1.	Financial resources and mechanisms	To be prepared at the fourth session
2.	Transfer of environmentally sound technology	A/CONF.151/PC/100/Add.9
3.	Science for sustainable development	A/CONF.151/PC/100/Add.10
4.	Promotion of education, training and public awareness	A/CONF.151/PC/100/Add.6
5.	National mechanisms and international cooperation for capacity building in developing countries	A/CONF.151/PC/100/Add.11
6.	International institutional arrangements	To be prepared at the fourth session
7.	Regional organizations	A/CONF.151/PC/100/Add.26
8.	International legal instruments and mechanisms	To be prepared at the fourth session
9.	Providing data and information for sustainable development	A/CONF.151/PC/100/Add.12

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PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS:

ACTIVITIES OF THE CONFERENCE SECRETARIAT

CROSS-SECTORAL ISSUES

Structure of Agenda 21

Report of the Secretary-General of the Conference

Corrigendum

The agenda items should read as above.

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PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

Overview of Agenda 21 and implementation mechanisms

Report of the Secretary-General of the Conference

INTRODUCTION

1. In decision 3/2 the Preparatory Committee indicated the possibility that an overview of programmes and implementation mechanisms would be presented before describing the individual programmes which constitute Agenda 21. The present report provides an overview of the proposals for Agenda 21 being considered at the fourth session of the Preparatory Committee.

2. Humanity stands at a defining moment in its history. In one direction, a continuation of present policies will lead to a perpetuation of disparities between and within nations, a worsening of poverty, hunger, ill health and illiteracy, continuing deterioration of the ecosystems on which we depend for our well-being and growing threats to life on Earth. In another direction, if we change course, lies the prospect of improved living standards for all, more productive and better protected ecosystems and a safer, more prosperous future. No nation can achieve this on its own; but together, we can - in a global partnership for sustainable development.

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* A/CONF.151/PC/96.

3. This global partnership must rest on the premises of General Assembly resolution 44/228, which were accepted when the nations of the world called for the United Nations Conference on Environment and Development, and on the acceptance of the need to take a balanced and integrated approach to environment and development questions.

4. Agenda 21 seeks to give practical expression to this acceptance of a shared but differentiated responsibility for the future of humanity and its habitat and:

(a) Accepts people as the primary concern and agents of development;

(b) Recognizes the scale, depth and pace of change and seeks to increase the capacity to anticipate, respond and adapt to it;

(c) Focuses on linkages, particularly between environmental and developmental issues, and identifies programmes that address both sets of issues simultaneously;

(d) Addresses the forces that lead to environmental degradation, namely the unsustainable pattern of consumption, particularly in industrialized countries, the interrelationship between poverty and environmental degradation and the potential effects of demographic pressures;

(e) Respects differences in priorities and responsibilities, particularly between developed and developing countries;

(f) Recognizes that the responsibility for containing, reducing and eliminating global environmental damage must be borne by the countries causing such damage, must be in relation to the damage caused and must be in accordance with their respective capabilities and responsibility;

(g) Seeks to provide environmental space within available limits for accommodating developmental needs and raising living standards in the developing countries;

(h) Addresses the need of developing countries for new and additional financial resources and favourable access to environmentally sound technologies;

(i) Aims at a new era of effective international cooperation on environmental and developmental issues.

5. The action programmes included in Agenda 21 mark a beginning rather than a full expression of a new global partnership. They can be grouped around a series of themes/imperatives, each of which represents an important dimension of an overall strategy for a global transition.

6. The first theme is the revitalization of growth and development. Many people, particularly in the developing world, have been affected in recent

years by declining or stagnating incomes, deteriorating infrastructure, rising poverty and a gradual loss of resilience in the face of internal or external shocks. All of these failures of development need to be corrected if the other imperatives for the transition to sustainability are to be effectively implemented. Hence, a commitment to resolving the long-standing problems of trade, debt, development finance and related domestic policies are a key element in Agenda 21.

7. The underlying purpose of growth and development is to raise living standards, especially of the world's poor. A substantial reduction and ultimate eradication of poverty is vital even for environmental management, particularly in developing countries. Hence, Agenda 21 includes programmes which combine an anti-poverty and resource management orientation and aim at the provision of sustainable livelihoods for all. It includes programmes which focus on alternative livelihood opportunities in fragile ecosystems, as well as programmes which aim at meeting the essential needs of the world's poor for health care, education, drinking water, sanitation and shelter.

8. The overall level, pattern and distribution of consumption must be compatible with the capacities of the ecological systems of the Earth. Wasteful or excessive consumption, on the one hand, and a rising population, on the other, could, if unchecked, threaten the integrity of ecosystems at the local, national and global levels. A change in consumption patterns, particularly in industrialized countries, towards those that can be attained by all within the bounds of the ecologically possible has to be a central component in the drive for sustainable development. Along with this, demographic pressures have to be reduced and managed, not just for environmental ends, but for the beneficial effect that this could have on development prospects for poor countries and poor households. Both sets of issues are addressed in Agenda 21.

9. The quality of life depends critically on the physical, social and economic conditions in the villages, towns and cities in which people live. A breakdown of urban services and the spread of slums and violence spawned by rootlessness may well be the most immediate threats to human well-being in many countries. Hence, the management of human settlements in a manner that avoids these risks, by raising standards of shelter, sanitation and other services are an essential component of Agenda 21.

10. The demands that people make on resources are, in many cases, unsustainable in that these resources are already being depleted or degraded at a rapid rate. Changes in consumption patterns and possible reductions in demographic pressures could contribute to containing some of these demands. Nevertheless, it is essential that we find more efficient ways of using resources to fulfil our demands. We must manage resources for our use, not exhaust them. A large number of programmes in Agenda 21 deal with how to use land, water, energy and biotic resources in a manner that raises productivity and meets rising demands, yet conserves the resource base.

11. An important component of a strategy of resource management relates to strategies and institutional arrangements for ensuring the responsible and fair use of shared resources, particularly those which constitute global commons, like the atmosphere or the high seas. Regional and global conventions aimed at these ends need to be supported by appropriate programmatic initiatives. Agenda 21 includes many such programmes, particularly in the segments dealing with the atmosphere and oceans.

12. The processes of production necessarily generate waste. With rising production and the continuance of inappropriate consumption patterns, ecosystems at the local, national and global level could well be overwhelmed by the waste that they are required to absorb. Reducing waste generation, recycling wastes into productive activities, finding safe ways of disposing the wastes that remain and dealing with illegal trade in hazardous wastes are important components of Agenda 21.

13. The scale and depth of human interventions in natural systems is increasing rapidly. The need for cooperative arrangements for anticipating and managing these risks is reflected in several Agenda 21 programmes, particularly those dealing with biotechnology and with toxic chemicals.

14. The substantive programmes included in Agenda 21 seek to address developmental needs and environmental imperatives within an integrated framework. This integration of environment and development has to be reflected in a reorientation of attitudes, in changes in decision-making processes and in the data and information systems used for development and environment monitoring. Hence Agenda 21 includes proposals for strengthening the role of major producer groups, non-governmental organizations, local authorities and groups like women, youth and indigenous people who are often excluded from decision-making processes. It contains suggestions for methodological and procedural changes in decision-making. It puts forward a programme for the collection, processing and dissemination of relevant data and information, including proposals for environmental accounting. Taken together, all of these are aimed at placing issues of environment and development at the heart of decision-making at all levels and ensuring full participation in such decision-making by all who are affected.

15. The implementation of Agenda 21 will require a major transformation of technology in virtually all sectors. This need underlies several sectoral programmes that deal with science and technology cooperation and technology transfer. Agenda 21 also includes cross-sectoral programmes that deal with mechanisms for improving information about, and access to, environmentally sound technologies. The implementation of Agenda 21, both in its sectoral and cross-sectoral aspect, will require a substantial strengthening of technical expertise, institutions and legal systems in developing countries. A major initiative for this type of capacity-building in developing countries is a central element of Agenda 21.

16. The developmental and environmental objectives of Agenda 21 will require a substantial flow of new and additional financial resources to developing countries in order to cover the following:

(a) The resources required for accelerating development and making it environmentally sustainable;

(b) The incremental costs for the actions that developing countries have to undertake to deal with global environmental problems.

17. New and additional financial resources are also required for strengthening the capacity of international institutions for the implementation of Agenda 21.

18. Agenda 21 is a global partnership and the international institutional arrangements meant to support this must reflect the mutuality of interests and obligations.

19. Agenda 21 is a programme of action for a sustainable future for the human family and a first step towards ensuring that, within the lifetime of someone born today, the world will become a more just, secure and prosperous habitat for all of humanity.

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Combating poverty, changing consumption patterns, and demographic dynamics and sustainability

(Section I, Chapters 2, 3 and 4 of Agenda 21)

Report of the Secretary-General of the Conference

1. The present report has been prepared in response to Preparatory Committee decisions 3/2 entitled "Structure and organization of Agenda 21" and 3/8 entitled "Poverty, sustainability and demographic pressures, health and education" (see A/46/48, vol. II, annex I). It covers chapters 2 (Combating poverty), 3 (Changing consumption patterns) and 4 (Demographic dynamics and sustainability) of section I of Agenda 21.

2. For convenience the chapter titles are repeated before each set of proposed programme areas.

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* See A/CONF.151/PC/96.

Section I, chapter 2 of Agenda 21

COMBATING POVERTY 1/

I. INTRODUCTION

3. Fighting poverty involves action in two main directions: efforts to increase the earning capacity of the poor; and efforts to improve their access to various goods and services, such as food, water, sanitation and health that are essential to their well-being. Among the latter, activities promoting the empowerment and the improvement of the socio-economic situation of target groups, such as women, indigenous communities, pastoralists and artisanal fishermen, landless households and migrants deserve special mention. In this chapter, only activities which are directly targeted at the poor will be dealt with in detail. Activities to improve access to goods and services will be dealt with in other chapters of Agenda 21 and are cross-referenced below. It should be stressed that in order to comprehensively envision efforts to combat poverty, all cross-referenced activities should be considered. Similarly, the chapter (section I, chapter 1) on policies to accelerate sustainable development in developing countries is relevant to the ability of those countries to combat poverty and to provide their populations with goods and services essential to their well-being.

II. PROGRAMME AREA

Providing sustainable livelihoods for the poor

1. Basis for action

4. An environmental policy that focuses mainly on the conservation and protection of resources without regard to the livelihoods of those who depend on those resources for a living will have an adverse impact on poverty. Equally, a development policy which focuses mainly on increasing the production of goods without concerning itself with the long-term potential of the resources on which production is based will sooner or later run into problems of declining productivity, which will also impact adversely on poverty. An effective strategy to tackle problems of poverty, development and environment simultaneously in developing countries should begin by focusing not on resources or on production but on people. The objective of providing sustainable livelihoods for all should provide an integrating factor which allows policies to address issues of resource management, development and poverty eradication simultaneously.

2. Objectives

5. The following objectives are proposed:

(a) All households below the poverty line should be provided with an opportunity to earn a sustainable livelihood by the year 2000;

(b) All ecologically vulnerable areas should be covered by integrated programmes of resource management, poverty alleviation and employment generation by 1995.

3. Activities

6. Activities that would contribute to the promotion of sustainable livelihoods cover a wide range of sectoral interventions. In its general design, this programme should be regional as well as country-specific. It should also be geographically and ecologically specific, taking into consideration the physical characteristics of the ecosystem concerned. It should be aimed at specific target groups such as poor smallholders, pastoralists and artisanal fishermen, landless households, women, indigenous communities, migrants and displaced persons. The programme should contain immediate measures to alleviate poverty as well as a long-term strategy aimed at establishing the best conditions possible for sustainable national development that would eliminate poverty and reduce the inequalities between the various population groups while improving the overall socio-economic conditions of all people. The focus here is on specific measures that cut across sectors and focus on target groups and target areas.

(a) Management-related activities

7. Governments, in cooperation with appropriate international and non-governmental organizations should:

(a) Generate remunerative employment and productive occupational opportunities (farm and non-farm) on a scale sufficient to take care of prospective increases in the labour force and to cover backlogs;

(b) Develop infrastructure, marketing systems, technology systems, credit systems etc. to support the above actions and to achieve a widening of options for resource-poor households;

(c) Provide substantial increases in resource productivity and measures to ensure that the local population benefits adequately from resource use;

(d) Rehabilitate degraded resources and introduce policy measures to prevent unsustainable resource use;

(e) Implement mechanisms for public participation, particularly participation of poor households, to promote sustainable development.

(b) Data and information

8. Governments should improve information collection on target groups and target areas in order to facilitate the design of focused programmes and activities, consistent with target group needs and aspirations.

(c) International and regional cooperation and coordination

9. The United Nations should make poverty eradication a major priority and the Secretary-General, in cooperation with appropriate international and non-governmental organizations, should:

(a) Formulate and implement a cooperative global action programme on poverty alleviation and sustainable development in order to strengthen relevant international activities within and outside the United Nations system, including rural development, provision of access to land, promotion of credit, small and micro-enterprises and marketing systems. Operational activities of relevance to the above objectives, such as poverty alleviation projects and programmes, supplemented where relevant by food aid, should be given particular attention in this regard;

(b) Establish in a central location in the United Nations system an arrangement for the coordination of actions by donors, organizations of the United Nations system and other appropriate actors;

(c) Convene a review conference in 1996 in order to assess the progress achieved and the need for further action in order to achieve the objectives defined above.

4. Means of implementation

(a) Financing and cost evaluation

10. Direct costing of the array of activities envisaged above cannot be done, as specific activities would be designed to respond to the specific conditions prevailing in each case. However, indirect costing points to an estimate of the very rough order of magnitude of US$ 30 billion, of which approximately US$ 15 billion would be provided through external assistance if this effort is to be shared equally by recipients and donors.

11. The formulation and implementation of the global action programme mentioned in paragraph 9 above would require the strengthening of international organizations concerned. Average annual costs over the period would be of the order of US$ 50 million.

12. In many instances, these costs pertain to the implementation of activities included in various chapters of Agenda 21, so that funding for these activities would contribute to achieving both sectoral objectives and poverty alleviation.

13. The coordination arrangement mentioned in paragraph 9 above would require a small permanent secretariat structure. The corresponding cost would be of the order of US$ 3 million.

14. The cost of preparing for convening a review conference is estimated at US$ 5 million, but would depend on specific modalities such as the need for preparatory meetings, the cost of travel of delegations etc.

(b) Capacity-building

15. Requirements in terms of capacity-building for the implementation of the array of activities envisaged above are considerable and related to the various relevant sectors. They are covered in more detail in other chapters of Agenda 21.

Section I, Chapter 3 of Agenda 21

CHANGING CONSUMPTION PATTERNS

I. INTRODUCTION

16. This chapter has been prepared in response to Preparatory Committee decision 3/2, in which the Secretary-General of the Conference was requested to integrate fully development considerations and needs and realities, including consumption patterns, in the development of proposals for consideration at the fourth session.

17. While poverty leads to one kind of environmental stress, the most serious global problems now facing the planet are those associated with economic growth and rising income.

18. The consumption of goods and services is a driving force in promoting the economic growth necessary for meeting basic human needs, including creation of the income and export markets needed to address the problems of environment and development. However, the modern industrial economy has led to unprecedented use of energy and raw materials and unprecedented generation of wastes. This is exacerbated by wasteful and inefficient patterns of consumption which have characterized past industrialization in developed countries, and which are being increasingly replicated worldwide. 2/

19. In future, there is a need for a fundamental transition to strategies which encourage maximum economic growth and well-being for all countries, with minimum pressure on the Earth's resource base.

20. This chapter covers two programme areas:

(a) Focusing on global consumption;

(b) Developing national policies and strategies to encourage changes in consumption patterns.

As the question of consumption patterns is a broad cross-cutting issue, it is addressed in several parts of Agenda 21, notably those dealing with energy, transportation and wastes, and the chapters on economic instruments and transfer of technology. This chapter should be read in conjunction with the chapter on demographic dynamics and sustainability (see below).

II. PROGRAMME AREAS

A. Focusing on global consumption

1. Basis for action

21. The environmental impact of energy consumption is beginning to be addressed indirectly in current international discussions and negotiations aimed at dealing with the environmentally damaging effects of consumption through reductions in emissions contributing to global atmospheric pollution.

22. However, little attention has as yet been given to the developmental implications of global consumption patterns. Industrialized countries now consume much more of the Earth's energy and raw materials per capita than developing countries. 3/ Industrialized countries have had some success in achieving economic growth using less energy and raw materials through greater efficiency and structural changes taking place in their economies. 4/ However, this does not provide the "environmental space" needed to accommodate future economic growth in developing countries and the inevitable increase in consumption of energy and raw materials which will accompany it. 5/

23. At the same time, some economists are questioning traditional concepts of economic growth, which rely on increasing throughput of energy and raw materials, and are underlining the importance of pursuing economic objectives which are less resource-intensive and which take account of the value of natural resource capital. 6/

24. Growing recognition of the importance of addressing consumption has also not yet been matched by the understanding of its implications. More needs to be known about the role of consumption in relation to economic growth and population dynamics in order to formulate intelligent international and national policies.

2. Objectives

25. At the international level, action is needed to meet the following broad objectives:

(a) Include global consumption in international efforts aimed at dealing with the issues of environment and development;

(b) Develop better understanding of the role of consumption and how to bring about more sustainable consumption patterns.

3. Activities

(a) Management-related activities

Adopt an international approach to achieving sustainable consumption patterns

26. In principle, Governments should be guided by the following basic objectives in their efforts to address consumption in the context of environment and development:

(a) All countries should strive to promote sustainable consumption patterns which recognize the shared nature of the Earth's resources and the need to avoid unsustainable exploitation of resources both at home and abroad;

(b) Industrialized countries should take the lead in reducing wasteful and inefficient consumption of energy and resources;

(c) Developing countries should seek to avoid replicating wasteful and inefficient consumption patterns of industrialized countries in their development processes. This requires substantial technological and other assistance from industrialized countries.

(b) Data and information

(i) Undertake research on consumption

27. In order to support this broad strategy, Governments, with the assistance of regional and international economic and environmental organizations, such as the Organisation for Economic Cooperation and Development (OECD) as well as private research and policy institutes, should make a concerted effort to: 7/

(a) Build databases on production and consumption and develop methodologies for analysing them;

(b) Assess the relationship between production and consumption, population dynamics, technological adaptation and innovation, and economic growth and development;

(c) Examine the impact of ongoing changes in the structure of modern industrial economies away from materials-intensive economic growth;

(d) Consider how economies can grow and prosper while reducing energy, material use and production of harmful materials;

(e) Identify patterns of consumption which the Earth can support in the long term.

(ii) Develop new concepts of growth and prosperity

28. Consideration should also be given to the sustainability of present models of economic growth and the need for new concepts of wealth and prosperity which are less dependent on the consumption of energy and materials. Governments should encourage the efforts of economists to develop new concepts of development as well as dialogue between them and more traditional schools of economic thought.

(c) International cooperation and coordination

Establish an international process for addressing consumption-related issues

29. While international processes exist for examining economic, development and population issues, there is no parallel focus of attention on consumption-related issues.

30. Governments should therefore now consider asking the Secretary General of the United Nations to establish an international process for examining the role of consumption levels and patterns, and consider where in institutional terms this would best be located.

4. Means of implementation

Financial costs

31. Implementation of this programme is unlikely to require significant new financial resources. A research programme and an international process, once established, would require support (probably in the range of about US$ 1 million).

B. Developing national policies and strategies to encourage changes in consumption patterns

1. Basis for action

32. Achieving significant changes in consumption patterns is one of the most challenging issues for environment and development, particularly given the extent to which present consumption is deeply rooted in values and lifestyles which have developed in industrial societies, and which are in turn emulated in much of the world.

33. Substantial progress can, however, be made by strengthening those positive trends and directions which are emerging in industrialized countries, as part of a gradual process aimed at achieving significant changes in consumption patterns of industries, Governments, households and individuals by the turn of the century.

2. Objectives

34. In the years ahead, Governments, particularly those in industrialized countries, should strive to meet the following broad objectives:

(a) Reduce the amount of energy and resources (input) and wastes generated (output) used in the process of generating economic growth;

(b) Develop a domestic policy framework which will encourage a shift towards more sustainable consumption patterns;

(c) Support values which encourage sustainable consumption patterns.

3. Activities

(a) Encourage greater efficiency in the use of energy and resources

35. Reducing the amount of energy and materials used in the production of goods and services can contribute both to the alleviation of environmental stress and to greater economic and industrial productivity and competitiveness. Governments, in cooperation with industry, should therefore intensify efforts to achieve greater efficiency in the use of resources through an "efficiency revolution" aimed at:

(a) Encouraging the introduction of existing environmentally sound technologies;

(b) Promoting a fundamental transformation in new technologies;

(c) Assisting developing countries to acquire these technologies, as well as to develop technologies suited to their particular circumstances.

(Specific proposals in this area are contained in the section on energy efficiency in the chapter entitled "Protecting the Atmosphere" and in the chapters on wastes, and the transfer of technology.)

(b) Discourage generation of wastes

36. At the same time, society needs to develop effective ways of dealing with the problem of disposing of mounting levels of waste products and materials. Governments, together with industry, households and the public, should make a concerted effort to reduce the generation of wastes and waste products by:

(a) Encouraging recycling in industrial processes and at the consumed level;

(b) Reducing unnecessary packaging of products;

(c) Encouraging the introduction of more durable products with longer life cycles.

(Specific proposals are contained in the chapters on environmentally sound management of hazardous and toxic wastes and environmentally sound management of solid wastes.)

(c) Assist individuals and households to make environmentally sound purchasing decisions

37. The recent emergence in many industrialized countries of a more environmentally conscious consumer public, combined with increased interest on the part of industry in providing environmentally sound consumer products, is a significant development which should be encouraged.

38. Develop environmental labelling. In particular, Governments should encourage expansion of voluntary environmental labelling programmes designed to assist consumers to make informed choices by:

(a) Enhancing the credibility, transparency and effectiveness of such programmes, which is in the interest of both consumers and industry;

(b) Examining the possible future international trade implications of such schemes;

(c) Addressing the potential need for some form of cooperation and harmonization on a regional basis;

(d) Considering the expansion of such approaches, including the scope for energy labelling. 8/

39. Encourage the emergence of an informed consumer public. Governments should also encourage other ways of assisting individuals and households to make environmentally informed choices, such as:

(a) Providing information on the consequences of consumption choices and behaviour, so as to encourage demand for environmentally sound products and use of products;

(b) Making consumers aware of the health and environmental impact of products through such means as consumer and "right to know" legislation, public consultations and advertising;

(c) Encouraging specific consumer-oriented programmes, such as recycling and deposit refund systems.

(d) Exercise leadership through government purchasing

40. Governments themselves also play a role in consumption, particularly in countries where the public sector plays a large role in the economy and can have a considerable influence on both corporate decisions and public

perceptions. They should therefore review the purchasing policies of agencies and departments to improve the environmental content of government procurement policies.

(e) Move towards environmentally sound pricing

41. Significant changes in consumption patterns seem unlikely to occur, however, without the added stimulus of prices and market signals which make the environmental costs of consumption of energy and materials and the generation of wastes clear to producers and consumers.

42. Some progress has begun to be made in using environmental charges and taxes, deposit refund systems and other price-related economic instruments to influence consumer behaviour, consistent with the polluter-user pays approach. Governments should examine the scope for making more widespread and effective use of environmentally sound pricing and related economic instruments to influence environmental behaviour.

(The use of pricing is addressed more specifically in the programme area entitled "Making effective use of economic instruments and market-oriented incentives" in section 2, chapter 8.)

(f) Reinforcing values which support sustainable consumption

43. Governments should also do what they can to promote a shift towards new, more sustainable attitudes towards consumption through such activities as:

(a) Promoting a future-oriented perspective, and a culture based on the values of durability, permanence and sustainability;

(b) Revitalizing household and community economies as human scale alternatives to high consumption lifestyles;

(c) Addressing the role of advertising, which serves as a worldwide conveyer of messages and values associated with present wasteful and inefficient consumption patterns.

4. Means of implementation

44. This programme is concerned primarily with changes in policies and values. It requires the combined efforts of Governments, individuals and industry. The principal activities would be carried out in the more affluent industrialized countries and the more affluent segments of society in developing countries.

45. Particular attention should be paid to the significant role which women and households play as consumers in the economy.

Section I, chapter 4 of Agenda 21

DEMOGRAPHIC DYNAMICS AND SUSTAINABILITY

I. INTRODUCTION

46. This chapter has been prepared in response to Preparatory Committee decisions 3/2 and 3/8. It takes into account the report of the Chairman (see A/CONF.151/PC/CRP.14) and draws upon analyses of the population/environment/development linkages presented at the third session of the Preparatory Committee. It also takes into account views expressed by Governments, experts and non-governmental organizations. 9/

47. It is now widely recognized that consumption, technology and population are the major driving forces of environmental change and that they interact in very complex ways. Therefore, in order to achieve sustainability, it is necessary to act on all factors simultaneously. In the national reports submitted to the Conference, 70 per cent of countries have identified environment and development problems associated with their population dynamics. 10/ Projected trends for the coming decades will intensify these problems. In many countries, the rapidly increasing demands for natural resources, employment, education and social services will make difficult attempts to protect natural resources and improve people's living standard. The movement of large numbers of people could continue to increase as a consequence of a combination of factors: population growth, concentration of wealth and land, poverty, and economic polarization. Such migratory flows may come from various types of environmental disruption 11/ and may themselves also become a factor of environmental degradation, particularly if movements are massive, rapid and unplanned.

48. In a fast growing population, the age structure is so young that, even if fertility were to decline sharply, the large number of young women entering reproductive age would still cause the population to grow further for quite some time. 12/ Because of the long-term nature of population dynamics, and the time lag between causes and effects becoming manifest, it is imperative to act immediately, adopting a precautionary approach. Policies and programmes to bring human numbers and consumption patterns into balance with nature's capacity must be developed alongside technologies that enhance that capacity by careful management of natural resources. The manner in which these phenomena are manifested varies greatly among countries. Population dynamics may not be a major issue in one country but can be one in another, in part because of population momentum. Distinct relationships between population dynamics and environment also appear at the global, national and local levels. A framework that is flexible enough to capture both complexity and specific situational variations must be developed as well as appropriate policies and implementation strategies.

49. This chapter covers three programme areas:

(a) Addressing the links between population dynamics and global environmental change;

(b) Formulating integrated national policies for population and environment;

(c) Implementing integrated population and environment programmes at the local level.

II. PROGRAMME AREAS

A. Addressing the links between population dynamics and global environmental change

1. Basis for action

50. Population dynamics and global environmental change are interlinked: population dynamics has an impact on global environmental change and, at the same time, is affected and influenced by the consequences of global environmental change.

51. The growth of world population and economic production combined is placing increasingly severe stress on the life-supporting capacities of our planet. These interactive processes affect the use of land, water, air, energy and other resources. Rapidly growing cities have major environmental problems. Human factors are key driving forces in this intricate set of relationships. There is a need to provide decision makers with more accurate information on which to base national and international policies, as well as a framework for interpreting this information. Although population policy alone is not sufficient to preserve the environment, it is both a necessary and essential component of comprehensive policies, which should incorporate the interactions between patterns of population dynamics resource use, economic development and technological change.

52. There is a broad consensus that resources and environmental degradation is worsening and that global change on a large scale is probable. Simultaneously the world's population is expected to reach over 8 billion by the year 2020. Sixty per cent of the world's population already live in coastal areas, while 65 per cent of cities with populations above 2.5 million are located along the world coasts and several of these are already at, or are below, present sea-level. Tropical countries where global change impacts can be expected to be most diverse and severe, densely populated low-lying countries and certain island States are most vulnerable. There is a need to better understand the human dimensions of environmental criticality and develop strategies to mitigate the impact of global changes on human populations.

2. Objectives

53. The following objectives should be achieved within three years:

(a) Incorporate population dynamics in the global analysis of environment and development issues;

(b) Develop understanding of the relationships between human populations, technology, cultural behaviour, natural capital and life-support systems;

(c) Scientifically assess human vulnerability in sensitive areas and centres of population to determine the priorities for action at global and regional levels.

3. Activities

54. International, regional and national research institutions should implement the activities described below.

Research global population, environment and development interactions

55. Identify the interactions between demographic processes and shared resources - such as seas and the atmosphere - and life-support systems, bearing in mind regional and subregional variations deriving from different levels of development.

56. Integrate population concerns into the ongoing work on global change, using the expertise of international, regional and national research networks to first study the human dimensions of global environmental change and, second, to identify critical zones resulting from global environmental change. 13/

57. Develop the conceptual understanding of the human dimensions of environmental criticality, establish criteria and measures for assessing critical zones, document and evaluate the human responses to global environmental changes, identify priority areas for action, such as densely populated areas and coastal areas, that are acutely sensitive to shifts in climate and sealevel, and develop strategies to mitigate the impact of global change on human populations.

4. Means of implementation

(a) Financing and cost evaluation

58. Research and dissemination of results will require US$ 10 million annually from international sources.

(b) Strengthen research programmes that integrate population and environment

59. Integrate demographic analysis as part of a broader social sciences perspective of environmental changes. 14/ Interdisciplinary research should be increased. International institutions and networks of experts should enhance their scientific capacity and disseminate the experience gained in multi-disciplinary approaches and in linking theory to action.

60. Develop better modelling capabilities for identifying the range of possible outcomes of current human activities, especially the interrelated impact of population, per capita resource use and wealth distribution, as well as major migration flows, which may be expected with increasing climatic events, and cumulative environmental change, which may destroy people's local livelihoods.

(c) Develop information and public awareness

61. Develop socio-demographic information in a suitable format for interfacing with physical and biological data. Compatible spatial and temporal scales, cross-country and time series information, as well as global behavioural indicators measuring perceptions and attitudes, should be developed.

62. Increase awareness about the need to stabilize global resources demand through stabilization of resource consumption and population.

63. Disseminate results of research through technical reports, scientific journals, the media, workshops and forums concerned with environmental change.

(d) Enhance institutional capacity and collaboration

64. Increase collaboration and exchange of information between research institutions and international, regional and national agencies involved in population programmes from both the industrialized and developing countries, and establish a partnership between the business community and scientific institutions.

B. Formulating integrated national policies for population and environment

1. Basis for action

65. Developmental and environmental conservation plans generally have, to some degree, recognized population variables as critical factors which influence consumption patterns, production, lifestyles and long-term sustainability. But, in future, more attention will have to be given to these issues in general policy formulation and the design of development plans. To do this, all countries will have to improve their own capacities to assess the environmental and developmental implications of their population patterns, as

well as formulate and implement policies and action programmes where appropriate. Policies should be designed to cope with the inevitable population growth built into the population momentum, while, at the same time, incorporating measures to bring about demographic transition. They should combine environmental concerns and population issues within a holistic view of development, where alleviation of poverty, secure livelihoods, health, quality of life, improvement of the status and income of women, fulfilment of women's personal aspirations, and empowerment of individuals and communities are the ultimate goals.

2. Objective

66. Incorporate population concerns into national planning, policy and decision-making within five years.

3. Activities

67. Governments should implement the following activities, with appropriate assistance of aid agencies, and report on their status of implementation to the 1994 International Conference on Population and Development, especially to its committee on population and environment.

(a) Assess the implications of national population patterns

68. Analyse the relationships between the main components of population dynamics (population size, growth rate, density and geographical distribution) and environmental change, and between environmental degradation and the components of demographic change (mortality, fertility and migration). 15/

69. Research how environmental factors interact with political and economic ones as a cause of migration.

70. Identify key population groups (such as the rural landless workers, ethnic minorities, refugees, migrants, displaced people, women head of household) whose changes in demographic structure have specific impacts on environment.

71. Assess the implications of the age structure of the population on resource demand and dependency burdens, ranging from educational expenses for the young to health care and support for the elderly. 16/

72. Assess national population supporting capacity in the context of satisfaction of human needs and the need for protection of the environment to ensure long-term sustainability, and give special attention to critical resources, such as water and land, and environmental factors, such as ecosystem health and biodiversity. 17/

73. Study the impact of national population dynamics on the traditional livelihoods of indigenous groups, including changes in traditional control of land use because of internal population pressures.

(b) Build a national information base

74. Strengthen databases on population and environment, disaggregating data by ecological region (ecosystem approach) and establish population/environment profiles by region.

75. Develop cartographic mapping techniques to identify areas where sustainability is, or may be, threatened by endemic population and environment problems, incorporating both current and projected demographic data linked to natural environmental processes.

76. Develop case-studies of local level responses by different groups to population problems.

77. Study the implications of the division of labour by sex for the use and management of natural resources.

(c) Incorporate population dynamics into policy and plans

78. Base human settlement policies on a joint population/ ecosystem approach, considering resource needs and waste production and ecosystem health, including maintenance of biodiversity. 18/

79. Systematically integrate the direct and induced effects of demographic changes in impact assessments of development and environment programmes, and assess the impact of these programmes on mortality, fertility and migration. 19/ Feed back information on changes in natural resources and demographic patterns into national development plans.

80. Set population targets consistent with national environment and development goals.

81. Develop appropriate socio-economic policies for the elderly, both in terms of family and State support systems.

82. Develop policies and programmes for handling the various types of migrations that result from, or induce, environmental disruptions, with special attention to women.

83. Incorporate demographic trends in the environment and development strategies for assisting international and regional institutions, including concerns for environmental migrants and displaced people.

84. Review and monitor the integration of population policies in national development and conservation strategies, using existing mechanisms to their full potential.

4. Means of implementation

(a) Financing and cost evaluation

85. The implementation of these activities will require at least US$ 90 million annually from international sources.

(b) Raise awareness of population/development/environment interactions

86. Develop "population literacy" and increase understanding among decision makers, parliamentarians, journalists, teachers and students, civil and religious authorities and the public of population/environment interactions and the significance of population policies for environmental conservation and development. Stress should be put on local and national action and the role that each of these groups should play. Environmental and population education should be coordinated and integrated in both the formal and non-formal education sectors.

(c) Strengthen institutions

87. Enhance the capacity of national structures to deal with population/environment/development issues. This would involve strengthening the national bodies responsible for population issues to enable them to elaborate policies consistent with national prospects for sustainable development. 20/ Cooperation among government, national research institutions and non-governmental organizations in assessing problems and evaluating policies should also be enhanced.

88. Enhance the capacity of United Nations organizations, international and regional intergovernmental bodies and non-governmental organizations to help countries develop population/environment policies and/or provide assistance to environmental migrants and displaced people.

89. Improve inter-agency support for national population and environment policies and programmes through better coordination of population and conservation activities.

(d) Develop human resources

90. The international and regional scientific institutions should also assist Governments to include concerns for the population/environment interactions at the global, ecosystem and micro levels in the training of demographers and population specialists. Training should be provided on how to research the linkages and design integrated strategies.

C. Implementing integrated population and environment programmes at the local level

1. Basis for action

91. Population programmes are at the interface between people and the conservation of their ecosystem. Therefore, population programmes are more effective when implemented together with appropriate cross-sectoral policies. In order to attain sustainability at the local level, a new framework of action is needed that looks at population dynamics in conjunction with other factors, such as access to resources, livelihoods, social dimensions of gender and structure of authority. Population programmes should be consistent with socio-economic and environmental planning for sustainability and empowerment of people. Integrated population/environment programmes should closely correlate action on demographic variables with resources management activities and development goals.

2. Objective

92. Intensify the implementation of population and natural resources management programmes at the local level that will ensure sustainable use of natural resources, improve the quality of life of the people and enhance environmental quality.

3. Activities

93. Governments, local communities, and national non-governmental organizations should implement the activities set out below in collaboration with international agencies. Governments should report on their implementation to the 1994 International Conference on Population and Development, especially to its committee on population and environment.

(a) Develop a framework for action

94. Implement a strong consultative process, where the formulation and decision-making of all components of the programmes are based on a nationwide consultative process drawing on community meetings, regional workshops and national seminars. Women and men should participate in this process on an equal basis to ensure that their needs, perspective and constraints are well reflected in the design of programmes and, that solutions are rooted in specific experience. 21/

95. Implement integrated and multi-faceted programmes, with special attention to women, to the poorest people living in critical areas, and to groups with a special potential to act as agents for change and environmental conservation. Special emphasis should be placed on those programmes that achieve multiple objectives, encouraging sustainable economic development, alleviating population problems and minimizing long-term environmental damage. 22/ Food

security, education, family welfare, women's reproductive health, family credit schemes, reforestation programmes and women's employment should be included, among other factors.

96. Develop an analytical framework to identify complementary policies that can reinforce the benefits of population programmes as well as the mechanisms to monitor and evaluate their effects on population dynamics.

97. Give special attention to the critical role of women in population programmes and in achieving sustainable development. Projects should aim at linking social, economic and environmental gains for women and their families. Empowerment of women is essential and should be assured through education, training, legal rights (access to assets, reproductive and civil rights) labour-saving technologies, job opportunities, participation in decision-making. Population/environment programmes must act as catalysts to mobilize women, alleviate their burden and improve their capacity to participate in and benefit from socio-economic development. 23/

(b) Promote changes in demographic variables towards sustainability

98. Develop and enhance reproductive health programmes and services to reduce maternal and infant mortality from all causes and allow women to fulfil their personal aspirations in terms of family size. 24/

99. Provide integrated health care, including universal access to family-planning services and the provision of safe contraceptives, and include men as beneficiaries of family-planning education and services. 25/

100. Develop culturally based information and education programmes that transmit a reproductive health message to men and women that is easily understood and accurate.

101. Motivate and support voluntary migration in order to improve the efficient geographical distribution of populations and natural resources and decrease pressures in crisis areas. Incentives should also be set in place to retain skilled persons or induce their return to areas with high-carrying capacity.

(c) Create appropriate institutional conditions

102. Create appropriate constituencies and institutional conditions to facilitate the implementation of population activities. This requires support and commitment from political, religious and traditional authorities, the private sector and the national scientific community.

103. Bring to the forefront integrated population/environment programmes in multilateral and bilateral policy dialogue with recipient countries.

104. Improve coordination at local and international levels. Working practices should be enhanced in order to make optimum use of resources, draw on collective experience and improve the implementation of programmes. 26/ The United Nations Population Fund (UNFPA) should strengthen the coordination of international cooperation activities with population assistance recipients and donor countries in order to ensure that adequate funding is available to respond to growing needs.

105. Develop proposals for national population/environment programmes in line with specific needs for achieving sustainability.

4. Means of implementation

(a) Financial and cost evaluation

106. The total resources, national as well as external, currently devoted to population activities in developing countries is estimated to be US$ 4.5 billion a year. Of that amount, nearly 80 per cent is provided by developing countries themselves. To carry out intensified programmes and implement integrated population/environment actions in line with the above activities, an average of US$ 7 billion is needed annually in the 1993-2000 period, of which about half is required from international sources. The goal is to mobilize resources amounting to US$ 9 billion a year by the turn of the century. 27/ About US$ 6 million annually is needed to strengthen international institutions.

(b) Research

107. Conduct socio-demographic research on how populations respond, adapt or fail to adapt to a changing environment. Assess perceptions on environmental transformations and appraise the demographic response at family and community levels.

108. Improve understanding of socio-cultural and political factors that can influence positively the acceptance of population policy instruments.

109. Survey changes in needs for family-planning services, reflecting peculiarities among different socio-economic groups and in different geographical regions.

(c) Human resources development and capacity-building

110. Population programmes succeed according to the degree of support they muster from the political leadership, from business and commercial interests and from religious, intellectual and community leaders. Their implementation should involve major inputs from several ministries in the form of human resources. Other actions such as training of nationals and the development of national institutions (universities, research institutes and non-governmental organizations specializing in the study and implementation of

population/environment programmes) are essential to ensure the constant supply of skills needed. Special importance must be given to training women.

111. Conduct workshops to help project managers link population programmes to other development and environmental conservation goals.

112. Develop guides/workbooks for planners and decision makers and other actors in population/environment programmes.

113. Develop partnerships between Governments, scientific institutions and non-governmental organizations within the region and similar institutions outside the region. Partnerships with local organizations should be created in order to raise awareness, engage in demonstration projects and report on the experience gained.

Notes

1/ This programme is centred on the promotion of economic opportunities for the poor, providing the poor with opportunities to earn an income from labour, through salaried work, work on their own land or other forms of self-employment. The following chapters of Agenda 21 should also be considered in order to obtain a comprehensive view of activities relevant to poverty alleviation:

I.1. International policies to accelerate sustainable development in developing countries and related domestic policies.

5. Protection and promotion of human health conditions.

6. Promoting a sustainable pattern of human settlements.

7. Integration of environment and development in decision-making.

II.3. Combating deforestation.

4. Managing fragile ecosystems: combating desertification and drought.

5. Managing fragile ecosystems: sustainable mountain development.

6. Promoting sustainable agriculture and rural development.

10. Protection of the quality and supply of freshwater resources.

13. Environmentally sound management of solid wastes and sewage-related issues.

Notes (continued)

III.1. Global action for women towards sustainable and equitable development.

2. Strengthening the role of youth.

3. Recognizing and strengthening the role of indigenous peoples.

4. Non-governmental organizations: partners for sustainable development.

5. Local authorities initiatives in support of Agenda 21.

IV.4. Promotion of education, training and public awareness.

Typical activities would include: employment in reforestation, land conservation, irrigation schemes, construction etc.; community development work in rural and urban areas; promotion of small and micro-enterprises, of savings and credit arrangements etc. Many such activities are being implemented in the framework of national policies, official bilateral assistance and assistance by non-governmental organizations, and as operational activities of organizations within the United Nations system, such as the International Development Association (IDA), an affiliate of the World Bank, as well as the United Nations Development Programme (UNDP), the World Food Programme (WFP), the United Nations Population Fund (UNFPA), the United Nations Children's Fund (UNICEF) and the International Fund for Agricultural Development (IFAD). The present programme would require intensification of such ongoing activities.

The cost estimates given in the text relate to anti-poverty programmes that directly seek to enhance opportunities for the poor in developing countries. These estimates may be seen in the context of a recent estimate of the resources required by developing countries to reach a "socially necessary growth rate" which incorporates, in addition to the need to reduce unemployment, specific goals in the area of health, education, poverty alleviation and improvement in income distribution. This latter estimate, presented in a WIDER study (Lance Taylor, Foreign Resource Flows and Developing Country Growth, WIDER Research for Action, Helsinki, 1991) indicates a requirement of additional net capital inflows of US$ 40 billion in 1990 rising to US$ 60 billion in the year 2000.

It can be seen that, in many instances, these costs pertain to the implementation of activities included in various chapters of Agenda 21, so that funding for these activities would contribute to achieving both sectoral objectives and poverty alleviation. On the other hand, these costs do not include costs for the delivery of social services to the poor that appear in the corresponding sections, nor do they include the provision of safety nets needed to deal with categories of poor, such as the elderly, the sick or the handicapped, that cannot take advantage of improved economic opportunities.

Notes (continued)

It should be stressed that, in most cases, the need for such programmes occurs in low-income countries, so that the share of external assistance needed would be high, possibly of the order of 50 per cent; a high degree of concessionality should be provided, and there should be considerable flexibility in local cost financing.

A small share, possibly about 10 per cent, of external assistance would be provided through entities within the United Nations system. This will require strengthening the administrative capacity for the delivery of the corresponding assistance programmes.

Regarding the coordination of international activities, consideration may be given to building on relevant existing arrangements within the United Nations system. These include:

(a) The Administrative Committee on Coordination and its subsidiary machinery;

(b) The Office of the Director-General for Development and International Economic Cooperation;

(c) The Joint Consultative Group on Policy, comprising UNDP, UNFPA, UNICEF, WFP and IFAD.

This coordination issue should be viewed in conjunction with the section on national mechanisms and international cooperation for capacity-building in developing countries in the chapter on capacity-building.

2/ The 1987 report of the World Commission on Environment and Development (the Brundtland report) points out that over the past century the use of fossil fuels has grown nearly 30-fold and industrial production has increased more than 50-fold; the bulk of the increase, about three quarters in the case of fossil fuels and a little over four fifths in the case of industrial production, has taken place since 1950; the annual increase in industrial production today is perhaps as large as the total production in Europe around the end of the 1930s; more land has been cleared in the past 100 years than in all the previous centuries of human existence.

3/ A recent study by the Indira Gandhi Institute of Development Research in New Delhi points out that while the developed countries have only 24 per cent of the world's population, their share of global consumption of various commodities ranges from 50 per cent to 90 per cent; even for products that fulfil basic needs like cereals, milk and meat, the consumption of the developed countries constitutes 48 per cent to 72 per cent; consumption shares of developed countries for other products are: 60 per cent for fertilizer, 81 per cent for paper, 86 per cent for copper and aluminium, 80 per cent for iron and steel, 85 per cent for chemicals and 92 per cent for cars; the share of energy consumption is 75 per cent for the developed world which is

Notes (continued)

responsible for about 70 per cent of total CO_2 emissions. This study also concluded that the cause of present environmental stress lies in the consumption patterns of the industrialized countries, not in population growth in developing countries. In itself, population growth tends to retard development in poor labour-surplus countries and hence to retard increases in consumption. It is only when population growth is accompanied by economic growth and rising incomes that consumption rises.

4/ The demand for energy and energy-intensive materials (steel, aluminium, copper) is declining in industrialized countries as a result of fundamental structural changes in their economies. Recent studies carried out by the Princeton Centre for Energy and Environment (Eric D. Larson, paper prepared for the International Symposium on Environmentally Sound Energy Technologies and their Transfer to Developing Countries, Milan, Italy, 21-25 October 1991) point out that consumption of these materials is now declining as a result of improvements in efficiency of energy use, saturation of bulk markets for materials, and consumer preferences at high levels for less material-intensive goods and services. It also appears that, while per capita consumption grows with income, at very high income levels this is no longer the case. However, such structural changes in the growth patterns of consumption can also give rise to new consumption-related pressures. For example, a shift to service-related industries also creates other forms of environmental pressure, such as increased air and surface transportation.

5/ For example, energy consumption is increasing in all countries, but is expected to increase much faster in developing countries than in industrialized countries. International Energy Agency (IEA) projections suggest that, while oil demand is expected to slow, the world will require 43 per cent more energy over the next 15 years (Energy Policies in IEA Countries, 1990 Review (Paris, International Energy Agency, 1991)). This involves average growth of 4.2 per cent in developing countries, 2.3 per cent in the Soviet Union and Central and Eastern Europe and 1.2 per cent in countries members of the Organisation for Economic Cooperation and Development (OECD) - an increase in the share of world energy supply for developing countries of from 25 per cent to 33 per cent, the Soviet Union and Central and Eastern European countries holding even at about 23.5 per cent, and a decline in the share of OECD countries from 51 per cent to 43 per cent. This picture is not unique to the energy sector: studies done by the Food and Agriculture Organization of the United Nations (FAO) in the early 1980s suggested that the demand for paper would grow by about 5.9 per cent in Latin America, 7.3 per cent in the developing countries of Asia, 8.5 per cent in Africa, 5.1 per cent in the Soviet Union, 1.9 per cent in North America and 1.4 per cent in Western Europe.

6/ See, for example, Environmentally Sustainable Economic Development: Building on Bruntland, Robert Goodland, Herman Daly, Salah El Serafy and Bernd von Droste, eds. (Paris, UNESCO, 1991). In general it makes clear that unless development is distinguished from economic growth, the opportunity to

Notes (continued)

shift to sustainable development may be missed. It concludes that economic activity cannot proceed any longer under the banner of "business as usual". The old concept of growth designated as "throughput growth", with its reliance on ever-increasing throughput of energy and other natural materials cannot be sustained and must yield to imaginative pursuit of economic ends that are less resource-intensive. It also suggests that poor countries should not be expected to cut or arrest their development, which tends to be associated with throughput growth. Development by the rich should be used to free resources (source and sink functions of the environment) for growth and development needed by the poor.

7/ The policy statement emanating from the recent meeting (2 and 3 December 1991) of OECD ministers included the following statement: "Achieving sustainable development will require a re-evaluation of patterns of both production and consumption".

8/ In recent years, environmental labelling schemes have become increasingly popular in many industrialized countries. Government-sponsored programmes are now in operation in three countries: Germany (since 1978), Canada (since 1988) and Japan (also since 1988). A number of other countries (Austria, Finland, France, Norway, Portugal and Sweden) intend to begin issuing labels in 1991, and others (Australia, the Netherlands, New Zealand and the European Community) have them under consideration. There are also labelling programmes operated by environmental organizations, such as the Swedish Society for the Conservation of Nature, and by the private sector, notably the Green Seal and Green Cross programmes being launched in the United States of America.

In principle, environmental labelling involves the voluntary granting of labels by the private or public body in order to inform consumers and thereby promote consumer products which are determined to be more environmentally friendly than other products. Governmental labelling schemes all operate differently, but they usually involve some element of independent assessment designed to enhance the credibility and public acceptability of the labels, which is in the interests of both consumers and industry.

The OECD (in its report on environmental labelling in OECD countries published in August 1991) indicates that the experience with environmental labelling to date suggests that it does influence consumer consciousness and, in certain cases, significantly contributes to improved environmental quality of products, although it does not eliminate the need for other forms of government intervention and regulation. While labelling involves some difficulties, its chief attraction as a market economy instrument is that it is voluntary, enabling companies to test for themselves the preferences that exist in terms of consumer demand, which is in the final analysis the driving force behind manufacturers' decisions. Successful implementation of an environmental labelling scheme requires a high level of environmental concern among a sizeable segment of the consumer population.

Notes (continued)

The OECD report also points out that, as environmental labelling programmes are totally voluntary, affect a small percentage of goods on the market and enhance their marketing appeal rather than their entry into the market itself, they differ significantly from government instruments, which might traditionally be regarded as trade barriers. There are, however, some potential trade implications which warrant close attention and research, such as possible national discrimination associated with cradle-to-grave criteria or the treatment of foreign applications for labels.

As environmental labelling grows, consideration will also need to be given to the potential need for coordination and harmonization of labelling schemes in order to reduce consumer confusion and encourage efficiency. The Nordic Council now operates a harmonized scheme, and an environmental label for the European Community is under study. Two possible models for future coordination and harmonization are some kind of supra-national decision-making process (as is now employed by the Nordic Council and under study by the European Community) or a system of mutual recognition of national labels (analogous to technical certification and product safety programmes).

The International Chamber of Commerce (ICC) (in its position paper on environmental labelling schemes) suggests it is important to make sure that environmental claims are scientifically justifiable and capable of satisfactory substantiation. Noting the dangers of developing ad hoc country-by-country approaches and of creating more than one labelling programme in any one market, ICC dismisses any need for world level schemes in favour of more limited geographical schemes. It also proposes the development of a set of general principles for environmental labelling schemes, such as involving the business community on governing bodies, ensuring schemes are open to all companies and making them voluntary, transparent and efficient.

The foregoing also applies generally to energy labelling schemes, designed to provide consumers with information on the energy usage associated with particular appliances and products.

9/ See documents A/CONF.151/PC/42 and Add.1 and 4, 44, 45, 46, 52, 54, 55, 56, 60, 61, 63, 64, 66, 69, 70, 73, 76 and 78. In addition, various contributions provided guidance in elaborating this chapter, such as (a) expert group meetings organized by UNFPA, the Royal Swedish Academy of Sciences and the Committee for International Cooperation in National Research in Demography (CICRED); (b) the paper prepared for the International Conference on an Agenda of Science for Environment and Development into the 21st Century (ASCEND 21) by Arizpe, Costanza and Lutz, entitled "Primary factors affecting population and natural resource use"; and (c) other contributions from UNFPA, the World Health Organization, the Office of the United Nations High Commissioner for Refugees, individual researchers and non-governmental organizations.

Notes (continued)

10/ See A/CONF.151/PC/98 (Overview of national reports).

11/ Disruption of the primary environmental elements caused by climatic or geological forces; biological disruptions that affect production of staple foods; slow-onset disruptions leading to deterioration of land and reduction of the availability of natural resources such as water; accidental disruptions caused by industrial accidents; disruptions caused by development projects such as the construction of big dams, which can affect a significant number of indigenous and other populations and which, so far, have forced up to 1.5 million people to relocate; and, finally, environmental warfare, millions of people being affected by the deliberate destruction of their environment.

12/ Relatively small differences in the timing of fertility decline have a major impact on population size. For example, if a certain low fertility level in Africa is reached by 2025 or 2050, it will make a difference in total population size by the year 2100 of more than 1.5 billion, which is almost three times Africa's present population size (see Arizpe, Costanza and Lutz in note 9 above).

13/ Included would be the research of the World Climate Programme and the International Geosphere-Biosphere Programme, especially its System for Analysis, Research and Training programme (START); the International Social Sciences Council and its member associations; the International Institute for Applied Systems Analysis (IIASA); the International Geographical Union; the UNFPA programme on endangered zones.

14/ See sect. IV, chap. 3 of Agenda 21 (Science for sustainable development).

15/ Rural impoverishment, fertility, urbanization and changes in resource demands are one example of major relationships to be studied.

16/ Ageing of population is a universal trend, even in less developed countries.

17/ The carrying capacity is the total impact of human activities that a country can sustain without depleting its natural resource base. It is up to each country to decide how to divide it between number of people and per capita resource use. In this context, population policy is an integral part of national development policy.

18/ See sect. I, chap. 6 (Human settlements) and sect. II, chap. 7 (Biodiversity) of Agenda 21.

19/ Programmes should be reviewed - for example, if they spread a vector of disease and increase morbidity and mortality; if they increase the burden on women or encourage the rationale for high family size; if they push people out from their habitat without relocating them in appropriate settings.

Notes (continued)

20/ For example, the population commission, the population and planning unit, the advisory committee on population.

21/ See sect. IV, chap. 5 of Agenda 21 (Capacity-building).

22/ For example, land and water use as well as spatial planning could bring about a balanced distribution of population through incentives for industrial location, for resettlement and development of intermediate-sized towns, keeping in view the population-carrying capacities of the environment; public works, including food-for-work programmes, might be designed and implemented in areas of environmental stress and population pressure, with a view to providing employment and simultaneously improving the environment.

23/ See sect. III, chap. 1 of Agenda 21 (Strengthening the role of women).

24/ Too early pregnancies, unsafe abortion and too late pregnancies place the mother's life at risk. Every year, between 40 and 60 million women seek termination of an unwanted pregnancy, often in unsafe conditions, and between 100,000 and 200,000 die in the process. Most of these deaths would be preventable by proper access to comprehensive reproductive health services. It is estimated that around 22 per cent of women in reproductive age do not want to have any more children. An estimated 300 million couples, over 90 per cent of them in developing countries, are at present not served by current family-planning networks, or live in areas where such services are non-existent.

25/ As called for by the World Women's Congress for a Healthy Planet (Miami, Florida, November 1991). The Congress also urged Governments and multilateral and donor agencies to increase resources for comprehensive reproductive health services.

26/ For example, by exchanging analytical country reports and assessment such as UNFPA Programme Review and Strategy Development reports.

27/ This can be achieved by shifting priorities within overseas development assistance and/or by increasing overseas development assistance. At present, only about 1 1/2 per cent of overseas development assistance is channelled for population assistance. This should be increased to 4-5 per cent by 2000.

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PREPARATIONS FOR THE UNITED NATIONS CONFERENCE ON ENVIRONMENT AND DEVELOPMENT ON THE BASIS OF GENERAL ASSEMBLY RESOLUTION 44/228 AND TAKING INTO ACCOUNT OTHER RELEVANT GENERAL ASSEMBLY RESOLUTIONS: CROSS-SECTORAL ISSUES

International policies to accelerate sustainable development in developing countries, and related domestic policies

(Section I, Chapter 1, of Agenda 21)

Report of the Secretary-General of the Conference

I. INTRODUCTION

1. The present chapter has been prepared in response to Preparatory Committee decision 3/9 entitled "Sustainability, international economy, integrated-environmental accounting and economic instruments", within the structure provided in decision 3/2 entitled "Structure and organization of Agenda 21" (see A/46/48, vol. II, annex I).

2. Economic policies of individual countries and international economic relations both have great relevance to sustainable development. In the present chapter, aspects of international economic relations such as international trade and financial flows are presented first because of their strong influence on the ability of developing countries to achieve economic

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* See A/CONF.151/PC/96.

growth in a manner consistent with the sound management of natural resources. The Conference provides an important opportunity to achieve progress in international action in these areas. This should be designed to complement and support, and not to diminish or subsume, sound domestic economic policies both in developed and developing countries if global progress towards sustainable development is to be achieved.

3. The international economy should provide the global framework for achieving environment and development goals in the following ways:

(a) Promoting development through trade;

(b) Clarifying the relationship between environment and trade;

(c) Providing adequate net financial flows to developing countries - or dealing with international debt;

(d) Encouraging macroeconomic policies conducive to environment and development.

II. PROGRAMME AREAS

A. Promoting development through trade

1. Basis for action

4. An open trading system, which leads to the distribution of global production in accordance with comparative advantage, is of benefit to all trading partners.

5. The commodity sector dominates the economies of many developing countries in terms of production, employment and export earnings. The deterioration of terms of trade affecting developing countries, and protectionist barriers limiting access of their exports to developed country markets, impair the ability of developing countries to mobilize through international trade, resources needed to fund investments required for sustainable development.

6. In particular, agriculture, on which many developing countries depend to a considerable extent, is probably the most protected sector in many developed economies. Such protectionism and the subsidies for production and exports affect the livelihoods of large rural populations in developing countries and reduce the options available to them. These policies are not only costly, but also penalize consumers and adversely impact the environment.

7. In addition, tariff levels in developed market economies are generally higher on products of export interest to developing countries. Tariff escalation in step with the degree of processing also tends to confine developing countries to the role of exporters of primary commodities.

2. Objectives

8. In the years ahead, and taking into account the results of the Uruguay Round of multilateral trade negotiations, Governments should strive to meet the following objectives:

(a) Promote an open international trading system that will enable all countries to transform their economic structures and improve the standard of living of their populations through sustained economic development;

(b) Improve access to markets for exports of developing countries;

(c) Improve commodity prices to enable developing countries to optimize the contribution of their commodity sector to sustainable economic development by including the costs of dealing with environmental impacts of prices, and to ensure the long-term availability of commodity supplies to consumers.

3. Activities

(a) Management-related

Develop domestic policies that maximize the benefits of trade liberalization

9. For developing countries to benefit from the liberalization of trading systems, they should implement the following policies:

(a) Remove biases against exports and discourage inefficient import-substitution;

(b) Promote the infrastructure required to improve the efficiency of export and import trade.

10. The following policies should be adopted by developing countries with respect to commodities:

(a) Expand processing and improve marketing practices;

(b) Diversify in order to reduce dependence on commodity exports;

(c) Move towards commodity prices that reflect environmental and resource costs.

(b) International and regional cooperation and coordination

Promote an international trading system that takes account of the needs of developing countries

11. The following policies are intimately linked with sustainable development and should be given high priority in future trade negotiations, in particular General Agreement on Tariffs and Trade (GATT) negotiations: 1/

(a) Reduce tariffs in developed country markets on products of export interest to developing countries;

(b) Phase out tariff escalation against processed products of export interest to developing countries;

(c) Phase out non-tariff barriers, such as quantitative restrictions, voluntary export restraints, surveillance measures, export subsidies and the use of anti-dumping laws for protectionist purposes, and ensure that consumption taxes in developed countries on primary and processed commodities are limited to those required for environmental ends;

(d) Phase out agricultural subsidies and protectionism in developed countries.

(c) Data and information

(i) Encourage data collection and research

12. The Secretary-General of the United Nations is requested to strengthen the Trade Control Measures Information System managed by the United Nations Conference on Trade and Development (UNCTAD).

(ii) Improve the terms of commodity trade

13. With regard to commodity trade, 2/ Governments should, directly or through appropriate international organizations:

(a) Participate in commodity agreements or arrangements with a view to eliminating supply overhangs, facilitating market transparency and predictability, enhancing commodity-related research and development and achieving prices reflecting environmental and resource costs;

(b) Provide compensation mechanisms for shortfalls in commodity export earnings of developing countries;

(c) Provide assistance to developing countries in the design and implementation of commodity policies, the negotiation and operation of commodity agreements and the gathering and utilization of information on commodity markets;

(d) Support efforts of developing countries to promote infrastructure to improve the efficiency of export and import trade.

4. Means of implementation

(a) Financing and cost evaluation

14. The costs of the international cooperation activities presented above would be as follows:

(a) Commodity agreements. The annual administrative expenditures of 10 existing agreements and arrangements amount to approximately US$ 22.5 million. Additional needs for cooperation on other commodities could bring this figure up to about US$ 30 million a year, an increase of about US$ 7.5 million a year.

(b) Compensation of export earnings shortfalls. Annual average commodity sector shortfalls for developing countries, which could be compensated, amounted to US$ 8.7 billion between 1985 and 1989.

(c) Technical cooperation requirements would be in the order of US$ 5 million per year.

(d) Support for infrastructure development is estimated at US$ 100 million annually.

(e) Strengthening the Trade Control Measures Information System within UNCTAD would cost US$ 0.5 million annually.

(b) Capacity-building

15. The above-mentioned technical cooperation activities aim at strengthening national capabilities for design and implementation of commodity policy, the negotiation and operation of commodity agreements and the gathering and utilization of information on commodity markets.

B. Clarifying the relationship between environment and trade

1. Basis for action

16. Environment and trade policies act and react on each other. International trade makes possible a more efficient allocation and use of resources and thereby contributes to an increase in production and per capita incomes. It thus provides the additional resources needed for economic growth and development and makes possible greater attention to, and larger investment for, the improvement of the environment. A sound environment, on the other hand, provides the ecological and other resources needed to sustain growth and underpin a continuing expansion of trade. Because the trade system provides for the exchange of goods and services, and can modify patterns of production

and consumption, it may have both a positive and a negative impact on the environment.

17. To date few environment-related trade issues have arisen. There has, however, been a growing tendency to use the trade system to deliver environmental objectives as, for example, in the case of the Convention on International Trade in Endangered Species of Wild Fauna and Flora and the Montreal Protocol. At the same time, it will be important to ensure that the root causes of environment and development problems, which lie in economic and social policies, are addressed, so that the trade system does not become a conveyor of these problems, resulting in new forms of unjustified environment-based barriers to trade.

2. Objectives

18. Over the next several years, Governments should strive to meet the following objectives, through GATT and other international forums:

(a) Make environment and trade supportive and mutually reinforcing;

(b) Develop a framework for determining when environment-related trade measures can justifiably be used;

(c) Clarify the role of GATT and other international organizations in dealing with environment-related trade issues and, where necessary, create new systems for promoting consultations and resolving disputes;

(d) Provide an international trade system that encourages international productivity and competitiveness and encourages a constructive role on the part of industry in dealing with environment and development issues.

3. Activities

Developing an environment/trade agenda

19. Over the next several years, Governments should encourage GATT and other international and regional economic institutions, including UNCTAD, to examine the following propositions and principles:

(a) Apply trade and environment policies in a transparent manner;

(b) Deal with the root causes of environment and development problems and avoid those being transmitted to the trade system;

(c) Avoid subsidies and other trade measures to offset differences in costs arising from justifiable differences in environmental standards and regulations, since their application could lead to both environmental and trade distortions;

(d) Ensure that environment-related health and safety standards remain strictly related to the environmental purposes they are intended to serve so that they are not used as non-tariff barriers to trade;

(e) Ensure that special factors affecting environment and trade policies in the developing countries are borne in mind in the application of environmental standards as well as in the use of any trade measures;

(f) Resolve environment-linked trade issues through global or multilateral agreements whenever appropriate, and avoid unilateral action that amounts to extending beyond national boundaries the applicability of national legislation;

(g) Develop more precision in some of the GATT provisions so as to allow clearer and more specific treatment of environmental issues and to avoid confusion over the legal status of some of the multilateral measures adopted in the area;

(h) Establish a strong consultation and dispute settlement process in which both environment and trade experts are represented.

C. Providing adequate net financial flows to developing countries

1. Basis for action

20. Investment is critical to the ability of developing countries to achieve needed economic growth to improve the welfare of their populations and to meet their basic needs in a sustainable manner, all without deteriorating or depleting the resource base that underpins development. Sustainable development requires increased investment, for which financial resources are needed. Many developing countries have experienced a decade-long situation of negative net transfer of financial resources, during which their financial receipts were exceeded by payments they had to make, in particular for debt-servicing. As a result, domestically mobilized resources had to be transferred abroad instead of being invested locally in order to promote sustainable economic development.

21. The debt crisis impairs a functioning of the international financial system and prevents it from fulfulling its vital role in providing funds to support development and trade. Widespread clearing of outstanding balances would restore the ability of the international financial system to contribute to growth and development.

2. Objectives

22. The specific requirements for the implementation of the sectoral and cross-sectoral programmes included in Agenda 21 are dealt with in the relevant programme area and in the related discussion of financial resources and mechanisms. However, in order to provide a macroeconomic framework that would restore the ability of developing countries to invest for sustainable development, it is necessary to ensure substantial positive net resource flows to developing countries by increasing official development assistance (ODA) to internationally envisaged targets and through substantial debt and debt-service reduction.

3. Activities

(a) Meet international targets of official development assistance funding

23. Governments of developed countries should indicate a schedule of increases leading, by a specific time, to the target of 0.7 per cent of gross domestic product (GDP) or any higher target that may be agreed upon in the light of the requirements of Agenda 21. Within the overall amount, a specific percentage should be earmarked for the least developed countries.

(b) Address to debt issue

24. To provide debt relief, Governments of developed countries should cooperate in order to achieve the following objectives:

(a) Reduce, through coordinated action, the debt owed to private banks by a number of developing countries engaged in economic policy reform;

(b) Expand programmes in reduction of debt owed to official bilateral creditors by low-income debtors;

(c) Extend reduction of the debt owed to official bilateral creditors to additional lower- and middle-income creditors engaged in economic policy reform;

(d) Further reduce the debt owed to multilateral creditors and related debt service through clearing arrears and subsidizing interest rates.

4. Means of implementation

Financing and cost evaluation

25. ODA. An increase in official development assistance to 0.7 per cent of GDP funding would amount to approximately a doubling of current levels, which are in the order of US$ 55 billion per year, to US$ 110 billion per year.

26. Debt relief. 3/ On the basis of a study by the World Bank, it should be possible to reduce the debt owed to private banks by developing countries by about US$ 200 billion for a cost of about US$ 25 billion, through coordinated action. The debt owed to bilateral official creditors by severely indebted low-income countries amounts to some US$ 40 billion. It has been suggested that most or all of this debt be written off. The debt owed to bilateral creditors by severely indebted middle-income countries is in the order of US$ 80 billion. A reduction of some US$ 40 billion should be given consideration in order to make a substantial positive impact on the economies of debtor countries. Arrears owed to multilateral creditors suggested for clearing amount to some US$ 3.5 billion. An annual subsidy of some US$ 2 billion could be given consideration in order to substantially reduce the debt service to be paid by severely indebted low- and middle-income countries to multilateral creditors. In total, a one-time payment of US$ 28.5 billion, a recurrent interest rate subsidy of US$ 2 billion a year and a write-off of US$ 80 billion are suggested. The budgetary cost associated with the suggested write-off would be significantly lower than the amount of the write-off when account is taken of the actual amounts due for repayment in the medium term, the likelihood of default and other such factors.

D. Encouraging macroeconomic policies conducive to environment and development

1. Basis for action

27. The unfavourable external environment facing developing countries makes domestic resource mobilization, and efficient allocation and utilization of domestically mobilized resources, all the more important for the promotion of sustainable development. In a number of countries, policies are necessary to correct misdirected public spending, large budget deficits and other macroeconomic imbalances, restrictive policies and distortions in the areas of exchange rates, investment and finance, and obstacles to entrepreneurship. In developed countries, such policy reforms would help to release resources for supporting the transition to sustainable development domestically and for supporting such a transition in developing countries. An increase in domestic savings in developed countries would be a complement to policies to restrain consumption on environmental grounds.

2. Objectives

28. It is necessary to establish economic policy reforms that promote the efficient utilization of resources for development through sound macroeconomic policies, fostering entrepreneurship and removing sources of distortion in the area of trade and investment.

3. Activities

(a) Management-related

Promote effective macroeconomic policies

29. The major industrialized countries should strengthen their efforts:

(a) To bring about a stable and predictable international economic environment, particularly with regard to real rates of interest and fluctuations in key exchange rates;

(b) To raise the pool of global savings by reducing fiscal deficits and stimulating personal savings;

(c) To ensure that the processes of policy coordination take into account the interests and concerns of the developing countries.

30. Developing countries should strengthen their efforts to implement macroeconomic policies:

(a) That maintain monetary and fiscal discipline required to promote price stability and external balance;

(b) That ensure realistic exchange rates;

(c) That raise domestic savings and investment, as well as improve returns to investment.

31. More specifically, all countries should develop policies that improve efficiency in the allocation of resources and take full advantage of the opportunities offered by the changing global economic environment. In particular, wherever relevant, countries should:

(a) Remove the barriers to progress caused by bureaucratic inefficiencies, administrative strains, unnecessary controls and the neglect of market conditions;

(b) Promote transparency in administration and decision-making;

(c) Encourage the private sector and foster entrepreneurship by removing institutional obstacles to enterprise creation and market entry; the essential objective would be to simplify or remove the restrictions, regulations and formalities that make it more complicated, costly and time-consuming to set up and operate enterprises in many developing countries;

(d) Promote the investment and infrastructure required for economic growth and diversification over an environmentally sound and sustainable basis;

(e) Provide scope for the operation of market forces and for realistic pricing as a means to greater efficiency and sustainable development;

(f) Promote the operation of effective tax systems and financial sectors;

(g) Remove biases against exports and in favour of inefficient import substitution and establish policies that allow them to benefit fully from the flows of foreign investment, within the framework of national goals.

(b) International and regional cooperation and coordination

32. Governments of developed countries should, directly or through appropriate international organizations and international lending institutions, enhance their efforts to provide developing countries with the following:

(a) Increased technical assistance in the design and implementation of macroeconomic policies;

(b) The design and operation of efficient tax systems and financial sectors;

(c) The promotion of entrepreneurship.

4. Means of implementation

(a) Financing and cost evaluation

33. The cost of the above-mentioned technical cooperation activities would be in the order of US$ 50 million annually.

(b) Capacity-building

34. The above-mentioned policy changes in developing countries involve substantial national efforts for capacity-building in the areas of public administration, central banking, tax administration, savings institutions and financial markets.

Notes

These notes are taken from the report of the Secretary-General of UNCTAD entitled "Accelerating the development process: challenges for national and international policies in the 1990s" (TD/354).

1/ Protectionism and market access

Broad trends in trade policies affecting the market access of developing countries during the 1980s did not give cause for optimism. Protectionist measures in major market economies tended to concentrate in sectors where developing countries have a distinct comparative advantage and international competitiveness. Tariff levels in developed market economy countries

Notes (continued)

continued to be higher on products of export interest to developing countries than on other imports, and tariff escalation in step with the degree of processing remained a handicap. Tariff concessions under the generalized system of preferences (GSP), which in any case suffered some erosion, redressed these problems only partially, since only about one fourth of the dutiable exports of developing countries enjoy preferential treatment; there is wide agreement that the system needs to be strengthened and its coverage extended.

The most serious impediment to market access, however, was the proliferation of non-tariff barriers, which currently affect almost 30 per cent of the exports of developing countries to the developed market economies. These barriers include a wide variety of measures often directed specifically against developing countries, including voluntary export restraints, surveillance measures, export subsidies and the use of anti-dumping laws for protectionist purposes. In sectors of particular export interest to developing countries, the proportion of affected trade ranged from one half to three quarters.

Yet other developments occurred in international trade policy which give cause for concern. These included the tendency to establish linkages between the implementation of previously agreed commitments in the area of trade in goods and concessions in other areas, such as foreign direct investment, protection of intellectual property, and services; the unilateral withdrawal, as already mentioned, of preferential measures previously accorded to developing countries for reasons often running counter to agreed commitments; the use of arguments of trade balance to press for bilateral reciprocity; and increased resort to unilateral retaliatory approaches to secure changes in the policies and negotiating positions of weaker trading partners.

Policy issues in the 1990s regarding market access conditions are likely to be influenced by the results of the Uruguay Round in several respects. Much will depend on the extent to which the Round results in more liberal and secure conditions of access. These must include specific tariff concessions and non-tariff liberalization favouring developing country products in the markets of developed countries, the elimination of "grey area" measures such as voluntary export restraints, and tighter disciplines on anti-dumping and countervailing measures. Trade liberalization is particularly needed in such sectors as agriculture, textiles and clothing, tropical products, and natural resource-based products.

Overall, stronger multilateral principles, rules and disciplines which reduce the possibilities for restriction or harassment of trade, as well as underpinning and stimulating trade liberalization, must remain a central objective. Such an evolution would have to be based on full respect for the principle of non-discrimination, including the unconditional application of most-favoured-nation treatment and the steady elimination of arrangements for market sharing and managed trade. The prohibition of unilateral action

Notes (continued)

outside the legal framework of the General Agreement on Tariffs and Trade, as well as the maintenance of an effective system of dispute settlement, would be essential.

Eliminating protectionism in the developed countries must be complemented by more active policies to facilitate adjustment to structural change. Resisting structural adjustment through protectionism creates long-term problems for the strength and competitiveness of the productive base of those countries themselves. It also has serious adverse consequences for the export prospects of their trading partners, including those in the developing world. The interests of the developed countries, in the long run, lie in taking advantage of opportunities for an improved international division of labour to promote the orderly transfer of capacities from areas of low productivity to areas better suited to their factor endowment. If industrialized countries do not allow increasing imports from the developing world to replace parts of their own production, they also forgo the chance of expanding their own exports, because the import capacity of developing countries will be constrained. Besides, lower cost imports from developing countries increase the real incomes of consumers in developed countries.

2/ Commodities

(a) Balancing supply and demand of individual commodities at improved real price levels

The evolution of commodity markets during the 1980s has led to short-term price instability becoming a less important problem than medium- to long-term price depression resulting from over-supply and, in some cases, from weak demand. The latter problem needs to be tackled through creating conditions aimed at strengthening the demand for primary commodities, making supply more responsive to the market situation and improving price levels over a period of time.

The conditions necessary for strengthening demand for commodities include the elimination of consumption taxes, especially on tropical products, and of restrictions on imports of primary and processed commodities wherever they exist. The easing of foreign-exchange shortages in Central and Eastern Europe would help considerably, as also in developing countries where per capita consumption levels for many commodities are comparatively low. In addition, increasing consumption will call for expanded promotional activities, and the development of new end-uses.

The conditions necessary for making supply more responsive to the market situation basically entail changes in policies which induce uncompetitive production. Such policies concern, in particular, production subsidies, especially in the developed countries, and domestic policies pursued in developing countries,

Notes (continued)

aimed at increasing export volumes without regard to the market situation. Other key conditions for improving price levels are the removal of supply overhangs, the elimination of export subsidies and improved information flows on market prospects.

(b) Optimizing the contribution of the commodity sector to development, including through diversification

Optimizing the contribution of commodities to development in developing countries will call for a variety of strategies in the short to medium term. For developing countries dependent on one or two commodities for the bulk of their export earnings, every effort must be made to diversify productive capacities and export, both horizontally and vertically. For those already having a more diversified commodity export base, optimizing the contribution of commodities to development would require using part of the resources generated by the commodity sector to develop their manufacturing and services sectors. For both groups of countries the essential condition is to enhance their capacity to manage commodity dependence through commodity policies, set within the context of an appropriate macroeconomic framework. This should include adequate incentives for private entrepreneurship, and support from the public sector, notably in the fields of human resources development, information and infrastructure, as well as, where necessary, direct participation.

Such commodity development policies will require decisions on a wide range of issues: meeting food requirements and improving food distribution domestically; improving productivity in the commodity sector; finding alternative or new end-uses for commodities through concerted actions in research and development; determining the best options for diversification and for processing; improving export marketing and distribution arrangements; and meeting the financial needs of the sector. Decisions on productivity and diversification will need to take into account the possibilities of over-supply, and hence will need to be coordinated, to the extent possible, with those of other countries.

Strengthening the linkages between the commodity sector and the rest of the economy will help to optimize the sector's contribution to development. Horizontal diversification for domestic consumption, increased production of goods for use in the commodity sector, and processing will serve this purpose, while expanding the productive and industrial base of the economy.

Strengthening the involvement of developing countries in support services for the commodities sector and in the marketing, transport and distribution of their commodities can also increase

Notes (continued)

the contribution of commodities to development while stimulating the development of the services sector.

Instability in foreign-exchange earnings from commodity exports adversely affects the implementation of commodity policies. In this connection, a distinction must be made between the need for bringing finance for temporary export earnings shortfalls and the need for assistance for recurring shortfalls in commodity earnings. Bridging finance is in principle available in the form of commercial loans, and as drawings under the IMF Compensatory and Contingency Financing Facility, of which little use has been made in recent years. Finance to deal with recurring shortfalls in individual commodity exports is available through the EEC/ACP STABEX and SYSMIN, the EEC STABEX-LDC-ALA and the Compensatory Financing Programme of the Government of Switzerland. However, these are restricted in their commodity and country coverage, and their funding is limited. Other instruments that can be used to cope with individual commodity price instability include futures and options, swaps and bonds, and long-term contracts, as well as buffer-stocking and export quotas in commodity agreements.

It is highly unlikely that developing countries attempting to manage their commdity dependence will have at their disposal the required technical and financial resources. Technical cooperation for the formulation of commodity policies, and for their implementation, needs to be provided.

(c) Ensuring environmentally sound management of natural resources, with a view to sustainable development

Commodities are at the heart of the question of sustainable development. National and international commodity policies must take on board ecological and environmental considerations and use them in a constructive fashion, including to promote trade. The central issue is how to manage rationally the natural resources of the planet so as to maximize their contribution to the welfare of the present generation while allowing for a sustainable rate of exploitation in the future.

As already discussed, a key element in such environmentally sound management is for the prices of all final products to reflect fully the costs of environmental degradation and pollution. Account has to be taken of the extent to which the environment has already been degraded in individual countries as a result of past productive activities in order to ensure an equitable sharing of responsibilities and costs.

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3/ Debt relief

It is recognized that solutions to the debt problem should include debt and debt-servicing reduction as a central element. However, the scope of debt relief resulting from the Brady and Toronto initiatives has been rather limited. To provide a durable solution to the debt crisis, the international community should, therefore, consider bolder approaches.

In the area of debt owed to private banks, the agreements so far concluded under the Brady initiative have resulted in much less debt reduction than is required. The agrements for some countries are more akin to conventional reschedulings. For others, debt-reduction operations are counterbalanced by debt-increasing ones. Moreover, the agreements have made the remaining debt more difficult to restructure.

With a view to enlarging considerably the scale and pace of debt and debt-service reduction, the Brady initiative needs to be strengthened in several ways:

(a) The negotiations process between debtor countries and commercial banks should be anchored on authoritative estimates of the country's debt reduction and cash flow needs, rather than determined by the balance of negotiating strength. The multilateral financial institutions could play a useful role in this regard.

(b) National laws and regulations in creditor countries could be directed more effectively towards achieving adequate levels of debt and debt-service reduction. For example, regulations on tax reductions on loan-loss provisions and tax relief on losses could be harmonized in such a way as to encourage banks to participate in debt-reduction packages.

(c) Any increase in the financial support for debt reduction provided by multilateral financial institutions and the regional development banks should be accompanied by measures to put additional funds at the disposal of these institutions. Otherwise, lending for new investment, which is essential to successful adjustment, could be adversely affected.

With regard to debt owed to official bilateral creditors, there has clearly been some progress in alleviating the debt burden of low-income countries. The Toronto agreement marked a significant step forward in that for the first time creditor Governments recognized the need for relief with regard to non-concessional official debt. However, the degree of relief granted falls far short of what is warranted by the debt-servicing capacity of low-income countries. Proposals have been made recently by several creditor Governments to bring about a much bigger reduction of debt and debt service for these countries (including a reduction of up to 100 per cent in the

Notes (continued)

Netherlands scheme). These proposals deserve serious and urgent consideration. The "Trinidad and Tobago terms" proposed by the United Kingdom would represent a major advance, but for numerous low-income countries debt burdens would still remain too high. Moreover, debt relief should not be at the expense of fresh aid. The list of beneficiaries of the Toronto Terms has recently been widened to include IDA-only countries of Latin America and the Caribbean, but eligibility criteria need to be further revewed. As a first step, all least developed countries and all IDA recipients should be allowed to benefit.

The burden of official debt on lower middle-income countries has recently received more attention by creditor countries. The new Paris Club policy for heavily indebted countries in this category involves longer maturities and grace periods. This represents a step in the right direction. However, many of these countries will need reduction of their official bilateral debt as well as of their debts to commercial banks. A major step forward has been taken in the case of Poland and Egypt, whose prospects will be significantly improved by the recent decisions to reduce their official bilateral debts by at least half. It is to be hoped that the many other low- and middle-income countries whose burden of bilateral official debt is excessively onerous will receive comparable treatment. In order to foster adjustment and growth, the international debt strategy must be governed by objective economic criteria and not by political preferences or narrow financial concerns.

The issue of multilateral debt has also become a matter of concern. Net financial transfers from multilateral institutions to some highly indebted developing countries have declined sharply, and a number of debtor countries are experiencing difficulties in meeting their obligations. Although measures have been taken by multilateral institutions to alleviate the servicing burden and to help clear the arrears, they are not sufficient. Further measures are needed to deal with the multilateral debt problem, while safeguarding the soundness of creditor institutions. "Support groups" could be made more active in providing resources for the purpose of clearing arrears to multilateral financial institutions. Other existing mechanisms, such as interest rate subsidies or refinancing schemes funded by reflows or special trust funds, could also be strengthened and widened.